



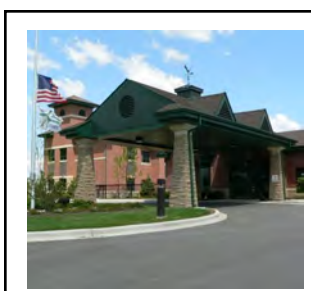
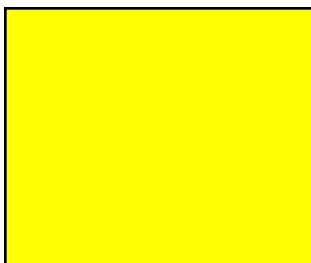
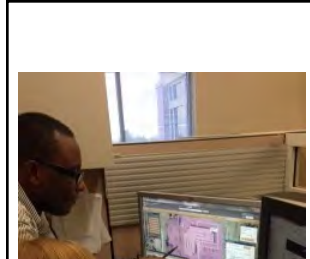
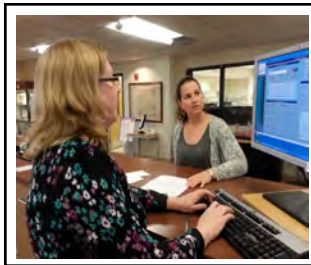
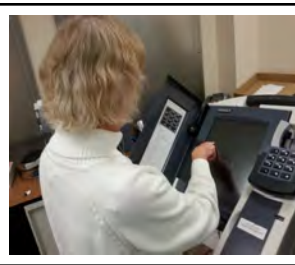
County of McHenry, Illinois

Popular Annual Financial Report

For the Fiscal Year Ended November 30, 2013



*Delivering services to the residents of
the County of McHenry for 176 years*



Dedicated to Service – A Tribute to Kathie Schultz

On October 16, 1959, Katherine (Cross) Schultz, shortly after graduating from Woodstock High School, began what turned out to be a life-long career in the McHenry County Clerk's Office. Starting as a Deputy Clerk, Kathie worked on automating voter registration records on metal plates that were used with an addressograph machine. Originally, she worked out of the basement at the old courthouse on the Woodstock Square, but moved upstairs after 1960 and performed court work for the Clerk's Office.

From 1965 – 66, Kathie was put in charge of voter registration. In 1969, a punch card system was put into place for voting, and Kathie played a large part in learning the system, including how to program the layout for the punch cards. It is interesting to note that the IBM equipment at Woodstock Diecast was used to help count these ballots.



KATHY SCHULTZ is about to enter the vault in the office of the county clerk. All the county clerk's records are kept in the vault. About ten years ago the Courthouse had to be extended for a needed expansion of the vault.

In 1972, Kathie's next area of duty within the office was performing tax extensions by hand. This was before the era of personal computers. The word "extension" literally described the physical image of this duty as pages upon pages of tax calculations were taped together and extended out to the floor. Kathie performed these duties until she was elected as the County Clerk.

Vernon W. Kays was the County Clerk at the time that Kathie started working in the office. In 1978, Rosemary Azzaro became the County Clerk and Kathie served as her Chief Deputy. On December 1, 1990, Kathie Schultz became the County Clerk and has served for a total of six terms. At the October 20, 2009 McHenry County Board Meeting, Kathie was honored with a special proclamation in appreciation of her 50 years of service to the County. In addition, a dedication occurred after the meeting with the planting of an oak tree and a special road sign at the County's Administration Building.

In 2013, Kathie announced that she would not seek a seventh term. 55 years with the same employer is way above the norm, with the U.S. Bureau of Labor Statistics reporting that public sector workers have a median tenure of 7.8 years.

Kathie has been involved in 13 Presidential elections since her start at the County Clerk's office in 1959. The growth in the County during her time in the office is reflected with the voter records. In November 1960, there were 58 precincts in the County with 47,137 voters. Currently, there are 212 precincts with total registered voters of 204,440. One of Kathie's notable achievements was introducing optical scan voting to the County in 1999-2000. McHenry County was the first large County in the State of Illinois to do so.



We dedicate the Fiscal Year 2013 McHenry County Annual Financial Reports to Kathie Schultz to recognize her for 55 years of outstanding service and many contributions to the McHenry County Clerk's Office, as well as to the citizens of this County.

County of McHenry, Illinois
POPULAR ANNUAL FINANCIAL REPORT
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November 30, 2013

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Introduction to the Popular Annual Financial Report



McHenry County extends into the following Cities, Towns, and Villages:

Algonquin
Barrington Hills
Bull Valley
Cary
Crystal Lake
Fox Lake
Fox River Grove
Greenwood
Harvard
Hebron
Holiday Hills
Huntley
Island Lake
Johnsburg
Lake in the Hills
Lakemoor
Lakewood
Marengo
McCullom Lake
McHenry
Oakwood Hills
Port Barrington
Prairie Grove
Richmond
Ringwood
Spring Grove
Trout Valley
Union
Wonder Lake
Woodstock

Townships in the County:

Alden
Algonquin
Burton
Chemung
Coral
Dorr
Dunham
Grafton
Greenwood
Hartland
Hebron
Marengo
McHenry
Nunda
Richmond
Riley
Seneca

To the residents of McHenry County:

I am pleased to present **McHenry County's Popular Annual Financial Report (PAFR)** for the fiscal year ended November 30, 2013, prepared by the County Auditor's Office. **This report provides a summary of the County's revenue, spending, and financial condition.** The report also includes supplementary information on local economic conditions, major accomplishments by the County government, and a listing of the current County Board Members and Elected Officials. My goal in producing this report is to communicate the County's financial operations in a straightforward and easy-to-read format so that you may obtain a better understanding of McHenry County government. The County's PAFR for fiscal year 2012 received the Government Finance Officers Association's (GFOA) Award for Outstanding Achievement, which is the fifth consecutive year that the County has received this prestigious award.

The information in this report is derived from the County's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended November 30, 2013, which was audited by Baker Tilly Virchow Krause LLP and received an unqualified (clean) opinion. The CAFR is a highly detailed financial report that is prepared in conformity with Generally Accepted Accounting Principles (GAAP). The County has received GFOA's Certificate of Achievement for Excellence in Financial Reporting for the CAFR for 15 consecutive years. The financial schedules presented in the PAFR have been summarized and combined from assorted financial statements in the CAFR. The PAFR omits the financial statements on business-type activities, discretely presented component units, proprietary funds, and fiduciary funds, which are included in the CAFR. Anyone who is interested in reading the fiscal year 2013 CAFR can find the report on the County's website at <https://www.co.mchenry.il.us/county-government/departments-a-i/auditor/comprehensive-annual-financial-reports>. Copies of past CAFRs, PAFRs, Single Audits, and Quarterly Financial Reports are also available through the link.

The first section of this PAFR presents three perspectives that help assess the County's overall financial health. The first perspective reviews the County's ability to pay its bills, the second perspective reviews the County's overall financial position, and the third perspective presents an analysis of local, state, and national economic conditions. The second section of the PAFR includes financial schedules that describe where the County derives its funds, what the County spends its funds on, and what major programs and services the County provides. The last financial schedule includes information on the collection and usage of property tax dollars.

This report is for your use in understanding the operations of the McHenry County government and is not intended to replace the CAFR. It is simply a means of increasing public confidence in the County government. It is an honor to serve as your Auditor and I encourage any questions, concerns, or feedback as to the contents of this report or the operations of my office. Feel free to contact me at my office - 815.334.4204, by email - auditor@co.mchenry.il.us, or by stopping in at my office in the Administration Building - Room 105.

Best regards,

Pamela Palmer

McHenry County Auditor
May 9, 2014

Awards Received for Financial Reporting

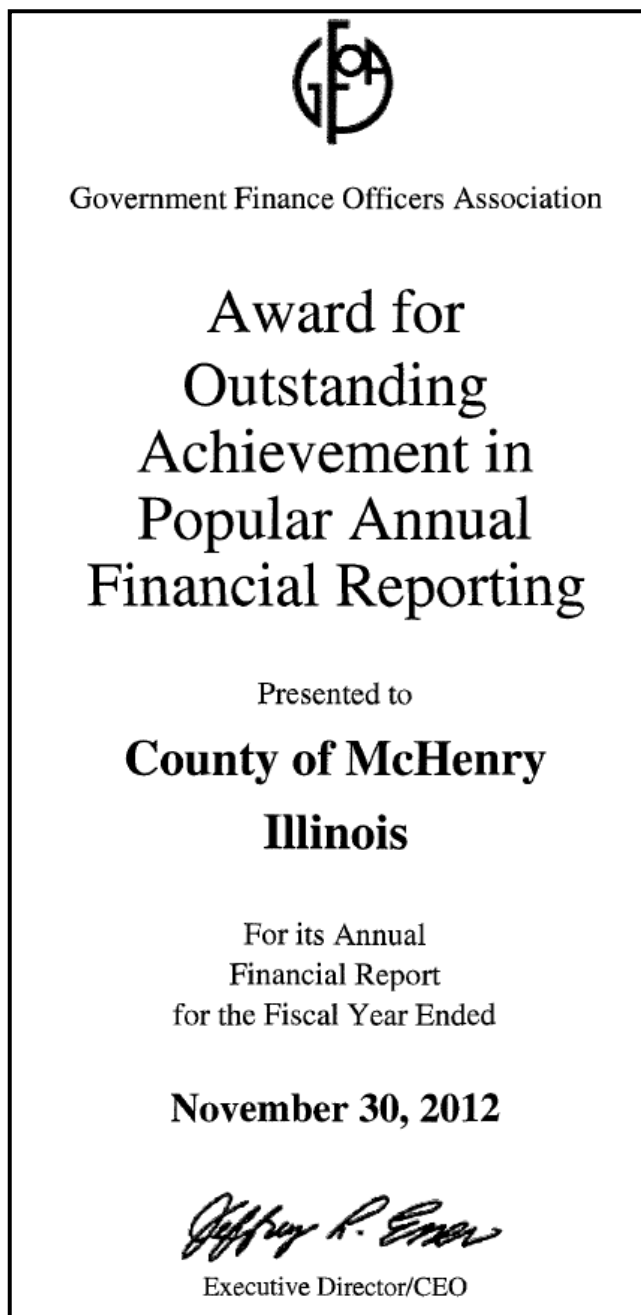
The Government Finance Officers Association of the United States and Canada (GFOA) has presented an Award for Outstanding Achievement in Popular Annual Financial Reporting to McHenry County for its Popular Annual Financial Report for the fiscal year ended November 30, 2012. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government popular reports.

Award for Outstanding Achievement in Popular Annual Financial Reporting

The Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended November 30, 2012 represents the fifth consecutive year that the County has received this prestigious award. We believe that the current PAFR for the fiscal year ended November 30, 2013 also conforms to the high standards of the award program and the PAFR has been submitted to GFOA.

Certificate of Achievement for Excellence in Financial Reporting

As described in the introduction to the PAFR, the information presented within the PAFR was derived from the County's CAFR. The County is proud to report that its CAFR for the fiscal year ended November 30, 2012 has been recognized with the Certificate of Achievement for Excellence in Financial Reporting. This certificate represents the 15th consecutive year that the County has received this award. Anyone who is interested in reading the CAFR can find the report on the County's website at <https://www.co.mchenry.il.us/county-government/departments-a-i/auditor/comprehensive-annual-financial-reports>.



Profile of McHenry County, Illinois

McHenry County is located in northeastern Illinois, approximately 50 miles northwest of Chicago. The County covers a total area of 611 square miles, including 603 square miles of land and 8 square miles of water. The 2013 population of the County was 307,409, which ranks sixth out of 102 Counties in Illinois. Over 30 communities reside within the County, the largest of which is the City of Crystal Lake, with a 2012 population of 40,480, which ranks 41th out of 1,367 municipalities in Illinois. Major transportation routes include I-90, which passes through the southwest corner of the County, as well as several state highway routes, making the County easily accessible to areas in northern Illinois and southern Wisconsin. Adjacent counties include Walworth and Kenosha Counties in Wisconsin (north), Lake and Cook Counties (east), Kane and DeKalb Counties (south) and Boone County (west).

The County was created by the Illinois legislature in 1836. The County was named after Major William McHenry, who fought in the Blackhawk War in 1832. Originally, McHenry County stretched to Lake Michigan on the east until 1839, when voters were granted the right to form a new county, which was named Lake County. The City of McHenry was the location of the original County seat. However, after Lake County split from McHenry County, a more central location was desired and the county seat was relocated to the City of Woodstock in 1844. In December 1849, voters established a township system of government, in part to provide a better system for road taxation, due to the poor road systems in place. The introduction of railroads brought changes to the County as it **enabled farmers the ability to ship their products to Chicago's markets and provided transportation for commuting to city jobs**. All of the changes made throughout the early years resulted in migration of residents who sought the rural lifestyle for raising their families, while still having access to the city for their jobs. The result of this transformation was the growth and establishment of the towns, cities, and villages that exist today.

The County operates under a board-administrator structure, in addition to nine independently elected County officials. The Board is comprised of twenty-four members elected from six districts. Board members serve four year terms. The Board is both the legislative policy maker and the supervisor of County Administration. The County Administrator is the chief administrative officer and prepares and recommends the annual budget, implements policies and procedures, manages daily operations, and oversees department directors. The nine independently elected County officials are the Auditor, Clerk of the Circuit Court, Coroner, County Clerk, **Recorder, Sheriff, State's Attorney, Regional Superintendent of Education, and Treasurer**. Elected officials serve four year terms. See page 17 for a list of current County Board members and elected County officials.

McHenry County provides a full range of services including law enforcement, construction and maintenance of roads and bridges, property assessment and tax collection, official records, elections, document recording, comprehensive planning and growth management, housing and community development programs, social service programs, judicial functions, health services, animal services, emergency disaster and response planning, storm water management, environmental protection, and administrative functions. For a **detailed listing of the County's** departments and the vital services that the County provides for its citizens and businesses, **visit the County's** website at <http://www.co.mchenry.il.us>.

Over the past few decades, the County has experienced significant commercial and residential growth. As a result, the population of the County has increased from 183,241 in 1990, to 260,077 in 2000, and to 307,409 in 2013. Also, **the County's** assessed valuation has increased from \$5.0 billion in 2000 to \$7.9 billion in 2013. In order to meet the ever-expanding needs of the growing County, the number of full-time equivalent employees of the County has increased as well, from 877 in 2000 to 1,212 in 2013.

See page 13 for a list of the **County's** major accomplishments for fiscal year 2013, as well as future plans.



Perspective #1 – Short-Term Financial Health

The first step in assessing the overall financial health of the County is to review **the County's** short-term financial health. A review of the County's short-term financial health helps to answer the question: Is the County able to pay its bills (both expected and unexpected) on time? The most useful measure of short-term financial health is the level of unassigned fund balance in the general fund. Unassigned fund balance is a measure of net financial resources that are not restricted or otherwise constrained for specific uses and are available to pay future expenditures. The general fund is the main operating fund of the County.

It is vital for the County to maintain an adequate balance of unassigned fund balance to protect against revenue shortfalls, unanticipated expenditures, or other unexpected events. The Government Finance Officers Association (GFOA) recommends that governments maintain a minimum balance of no less than two months of general fund expenditures. However, prudent financial management and circumstances often suggest that higher levels are needed. The County has a formal policy requiring that the general fund maintain unassigned fund balance equal to six months of budgeted operating expenditures.

As of November 30, 2013, the general fund had unassigned fund balance of \$46,556,929, compared to budgeted operating expenditures of \$88,557,911, which is a reserve of 6.3 months. The following chart shows unassigned fund balance compared to budgeted operating expenditures in the general fund over the last three fiscal years.

**General Fund - Unassigned Fund Balance and Budgeted Operating Expenditures
Last Three Fiscal Years (in thousands - 000s)**



The level of unassigned fund balance will naturally fluctuate over time. Therefore, one should not place too much emphasis on the level of unassigned fund balance at any one point in time. A more useful question is: What is the pattern of unassigned fund balance over the past several years? Due to the implementation of a new accounting standard in 2011, the amount of unassigned fund balance is not available for years prior to 2011. However, prior to 2011, the County monitored the number of months reserve in the general fund based on a different but similar category called unreserved fund balance. While the two categories are not exactly the same, a comparison does provide a general sense of whether the number of months reserve has improved or deteriorated over time.

Under the old unreserved fund balance category, the number of months reserve in the general fund increased from 6.9 months in 2004 to 7.4 months in 2010. In general, this demonstrates that the County has experienced a positive trend in the number of months reserve in the general fund over the last ten fiscal years.

Overall, the current number of months reserve in the general fund of 6.3 months, which exceeds the minimum reserve of six months **required by the County's formal policy, and the positive trend over the past ten** fiscal years indicates that the County's short-term financial health is strong, which means that the County is in a good financial position to withstand potential near-term revenue shortfalls, unanticipated expenditures, or other unexpected events.

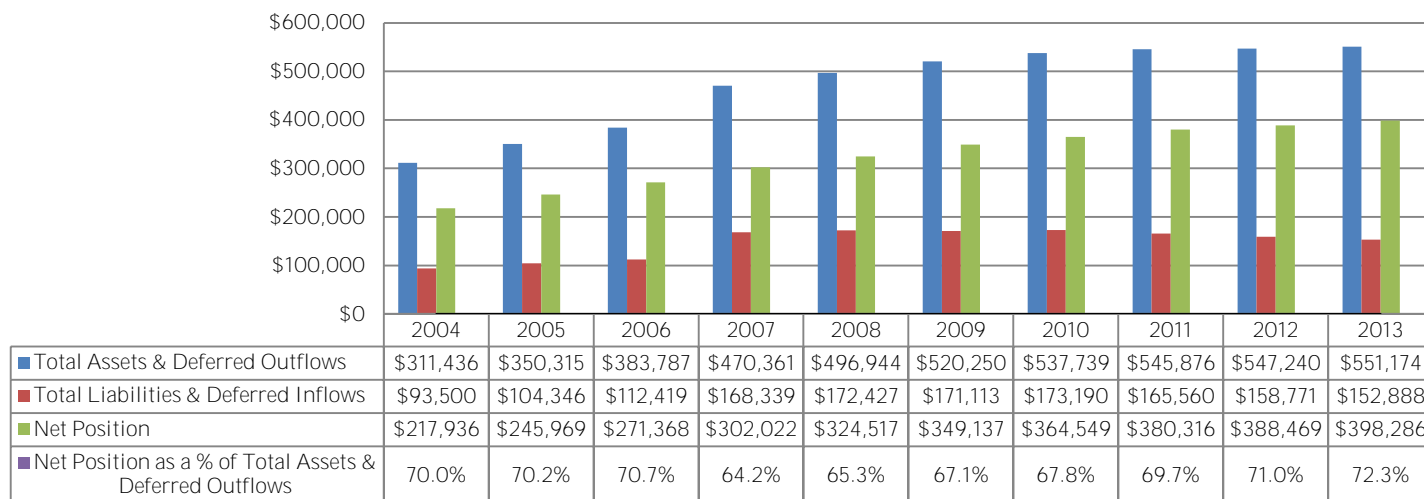
Perspective #2 – Financial Position

As shown in perspective #1, unassigned fund balance in the general fund is a valuable **measure of the County's** short-term financial health, but it does not provide a complete picture of **the County's financial position**. Whereas the general fund has a short-term focus, there is another section of the CAFR called government-wide statements, which focus on a wider economic perspective. As a result of this broader perspective, the government-wide statements **present all of the County's assets**, liabilities, and deferred inflows/outflows of resources, including capital assets, such as land, equipment, and buildings, and long-term debt, including outstanding bonds and notes, which are all items that are not presented in the general fund. The government-wide statements present a more complete picture of the **County's financial position, using a basis** that is comparable to those used by private businesses.

On the government-wide statements, total assets & deferred outflows of resources minus total liabilities & deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The following table presents a summary of net position for governmental activities for the last ten fiscal years:

**Summary of Total Assets & Deferred Outflows, Total Liabilities & Deferred Inflows,
and Net Position - Governmental Activities
Last Ten Fiscal Years
(in thousands - 000s)**



As shown above, **the County's assets** & deferred outflows have significantly exceeded its liabilities & deferred inflows every year over the past ten years. Net position has also increased significantly, from \$217.9 million in 2004 to \$398.3 million in 2013. Also, net position has remained consistent as a percentage of total assets & deferred outflows, ranging from 64.2% - 72.3%, with the highest level occurring in 2013. **Overall, the chart shows that the County's** current financial position is sound and shows a trend of stability in net position as a percentage of total assets & deferred outflows over the past ten fiscal years.

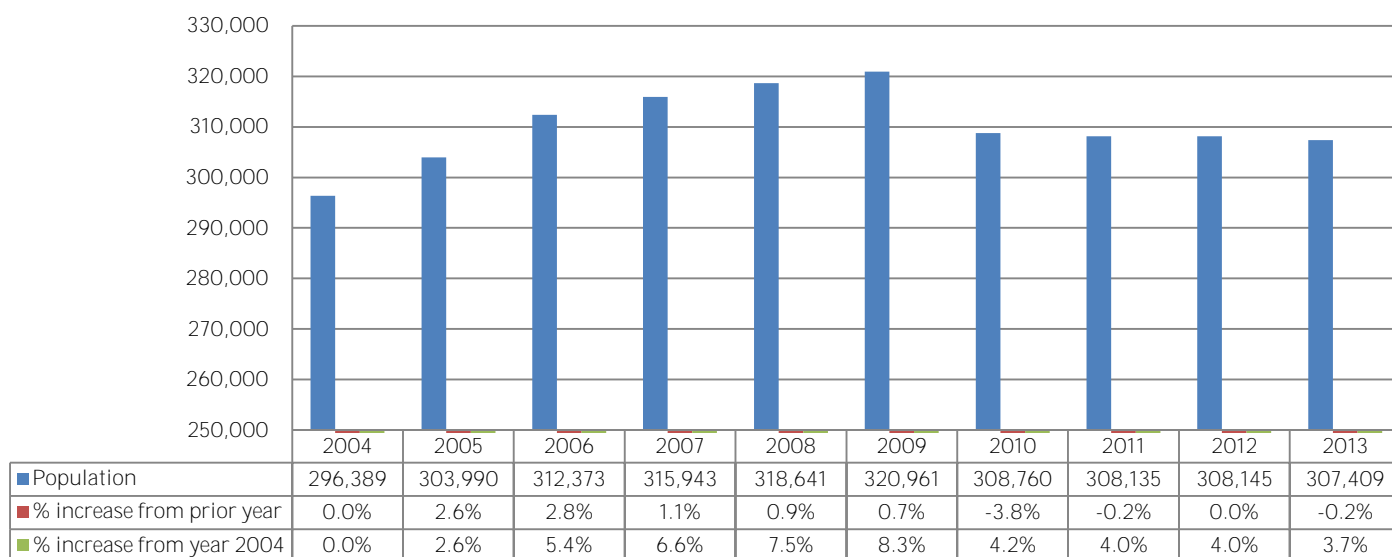
Net position is broken down into three categories, net investment in capital assets, restricted, and unrestricted. Net investment in capital assets represents the portion of net position related to capital assets, less any related outstanding debt, and is not available for spending. Restricted net position represents the portion of net position that has legal restrictions on how the resources may be spent. Finally, all other net position falls into the unrestricted category. For 2013, net investment in capital assets was \$254.7 million or 64.0% of total net position, restricted was \$109.6 million or 27.5% of total net position, and unrestricted was \$34.0 million or 8.5% of total net position.

Perspective #3 – Economic Condition

While the first two perspectives present valuable insights into the short-term and overall financial position of the County, a review of local, state, and national economic conditions is crucial for a complete evaluation of the County's financial health. **Because the County doesn't exist in a vacuum, many different economic conditions and circumstances will ultimately affect the County's future financial position.** Considering major economic factors can provide context for interpreting current financial information, as well as provide a basis for assessing the likelihood that the County's current financial position will improve or deteriorate in the future.

The following statistics represent a sample of major economic factors that impact the County's financial situation.

**McHenry County Population
Last Ten Years**

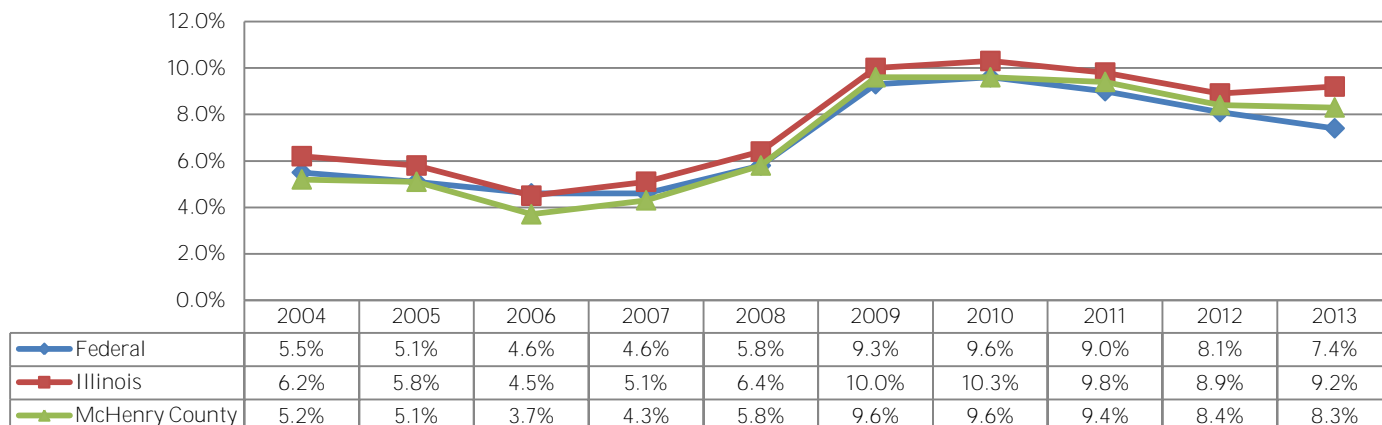


**McHenry County Total Assessed Valuation
Last Ten Years
(in millions)**

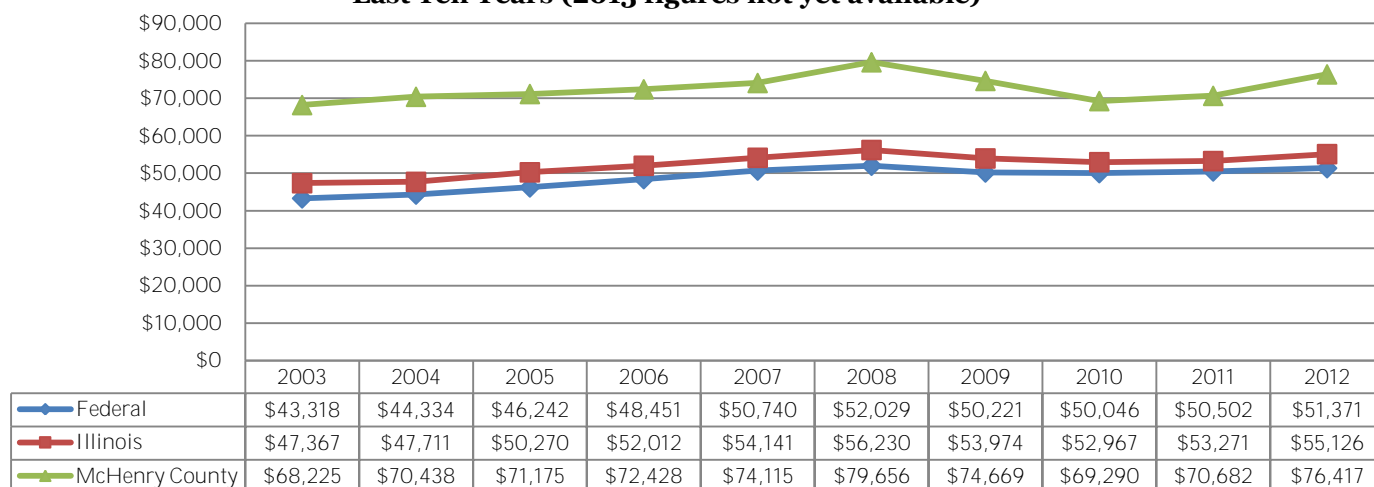


Perspective #3 – Economic Condition (Continued)

**Unemployment Rate
Last Ten Years**



**Median Household Income
Last Ten Years (2013 figures not yet available)**



The County's population increased from 296,389 in 2004 to 307,409 in 2013, an increase of 11,020 or 3.7%. The population figure for 2010 is from the 2010 US Federal Census. Population figures for 2004 - 2009 and 2011 - 2013 represent estimates provided by the US Census Bureau. Therefore, the change from 2009 to 2010 does not represent an actual decrease of population, but a correction of prior estimates. The County's total assessed valuation increased from \$7.0 billion in 2004 to \$7.9 billion in 2013, an increase of \$0.9 billion or 12.4%. However, the 2013 assessed valuation has decreased by \$2.6 billion or 24.8%, from a peak of \$10.5 billion in 2009. The primary reason for this decrease is the economic recession that began in 2008, which has caused a decline in area home values. While home values may have finally bottomed out in 2013 or 2014, the effects of the recession are likely to cause continued slow or no growth in population and assessed valuations, which could also restrict the County's near-term growth.

The unemployment rate and median household income statistics clearly show how the weak economic conditions are negatively affecting the County and its citizens. The County's unemployment rate was 8.3% in 2013, which represents an improvement from the rate of 9.6% in 2009 and 2010, 9.4% in 2011, and 8.4% in 2012. However, the rate is still undesirably high, considering that the average rate before the recession from 2004 - 2008 was 4.8%. The County's median household income increased from \$70,682 in 2011 to \$76,417 in 2012, but remains below the peak level of \$79,656 in 2008. The County's median household income has consistently exceeded both Federal and State benchmarks. This comparison indicates a high quality workforce in the County. As economic conditions are expected to improve over the next several years, the County will be well positioned for positive economic growth.

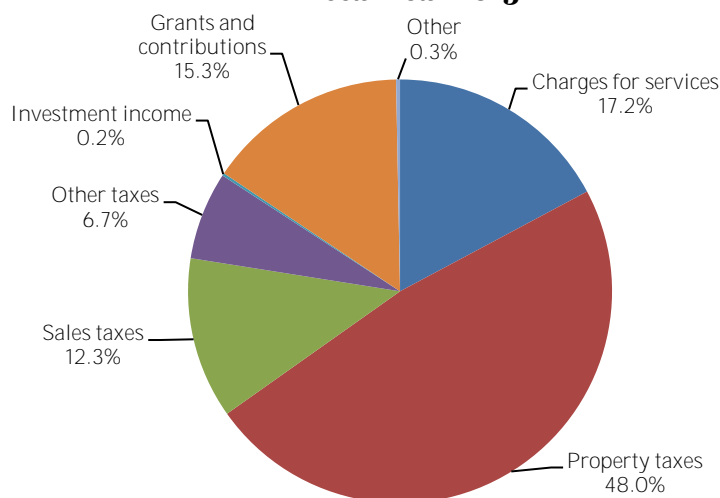
Revenues – What is the County’s Source of Funding?

The County receives its funding from a variety of sources, of which the largest single source is property taxes. The following table and chart present revenues for governmental activities for 2013 and 2012.

County of McHenry Governmental Activities - Revenues

Revenue Source	2013	2012	\$ Change	% change
Charges for services	\$ 26,086,540	\$ 28,635,503	\$ (2,548,963)	(8.9) %
Grants and contributions	23,225,714	22,706,395	519,319	2.3
Property taxes	73,113,284	72,206,475	906,809	1.3
Sales taxes	18,718,620	18,036,621	681,999	3.8
Other taxes	10,137,025	9,014,937	1,122,088	12.4
Investment income	275,817	309,709	(33,892)	(10.9)
Other	430,926	510,144	(79,218)	(15.5)
Total	\$ 151,987,926	\$ 151,419,784	\$ 568,142	0.4 %

Governmental Activities - Revenues Fiscal Year 2013



Charges for services represent fees paid by individuals, businesses, or other governments who purchase, use, or directly benefit from the goods or services provided. For 2013, the largest items in this category include \$8.1 million for jail space rental, \$3.1 million for circuit clerk fees, \$1.5 million for fees on delinquent taxes, and \$1.3 million for recording fees. Jail space rental decreased from \$9.6 million for 2012 to \$8.1 million for 2013; a decrease of \$1.5 million or 15.6%. The decrease is due to a decline in the number of federal detainees that the County housed for the US Immigration and Customs Enforcement. **Grants and contributions** represent payments or donations from individuals, businesses, or other governments through agreements under which the funds are restricted for use in a particular program. For 2013, the largest items in this category include \$13.4 million for transportation programs, \$6.5 million for public health and welfare programs, and \$2.5 million for community development programs. **Property taxes** represent a tax on all real estate and improvements with the County. Property taxes are considered to be a general revenue source, meaning it is available to fund all programs of the County. **Sales taxes** represent a tax imposed on consumers for the purchase of certain goods and services. The current sales tax rate for general merchandise throughout the County ranges from 7.0% to 8.0%. **Other taxes** include \$6.2 million for state income taxes and \$1.9 million for tax transfer stamps for 2013. Due to recent improvements in the local housing market, revenues for tax transfers stamps increased from \$1.3 million for 2012 to \$1.9 million for 2013; an increase of \$0.6 million or 46.2%. **Investment income** consists of interest earned on the County's cash and investments. Certificates of deposit returned an average of 0.3% in 2012 and 2013. **Other revenues** include gains on the sale of capital assets and miscellaneous revenues.

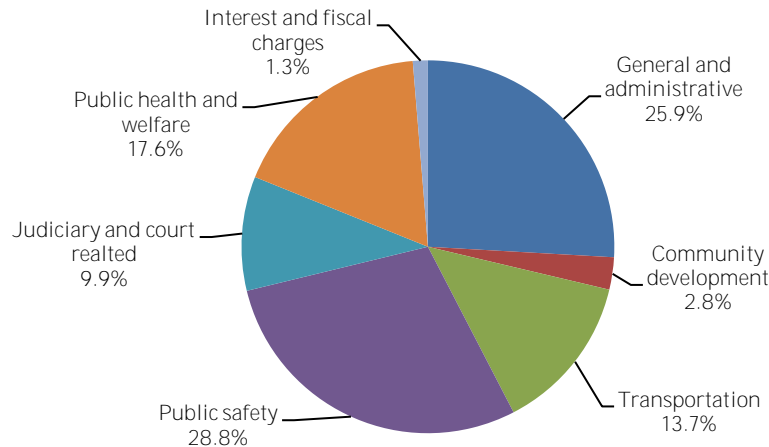
Expenses – What does the County spend its funds on?

The County spends its funds providing **vital programs and services for the community**. All of the County's activities are grouped into categories that describe the nature of the activity. The following table and chart present expenses for governmental activities for 2013 and 2012.

County of McHenry Governmental Activities - Expenses

Function	2013	2012	\$ Change	% change
General and administrative	\$ 36,716,979	\$ 35,519,392	\$ 1,197,587	3.4 %
Community development	4,031,197	4,286,876	(255,679)	(6.0)
Transportation	19,462,103	19,818,851	(356,748)	(1.8)
Public safety	40,757,655	38,884,186	1,873,469	4.8
Judiciary and court related	14,081,733	13,996,893	84,840	0.6
Public health and welfare	24,957,498	28,423,928	(3,466,430)	(12.2)
Interest and fiscal charges	1,901,744	2,336,518	(434,774)	(18.6)
Total	\$ 141,908,909	\$ 143,266,644	\$ (1,357,735)	(0.9) %

Governmental Activities - Expenses Fiscal Year 2013

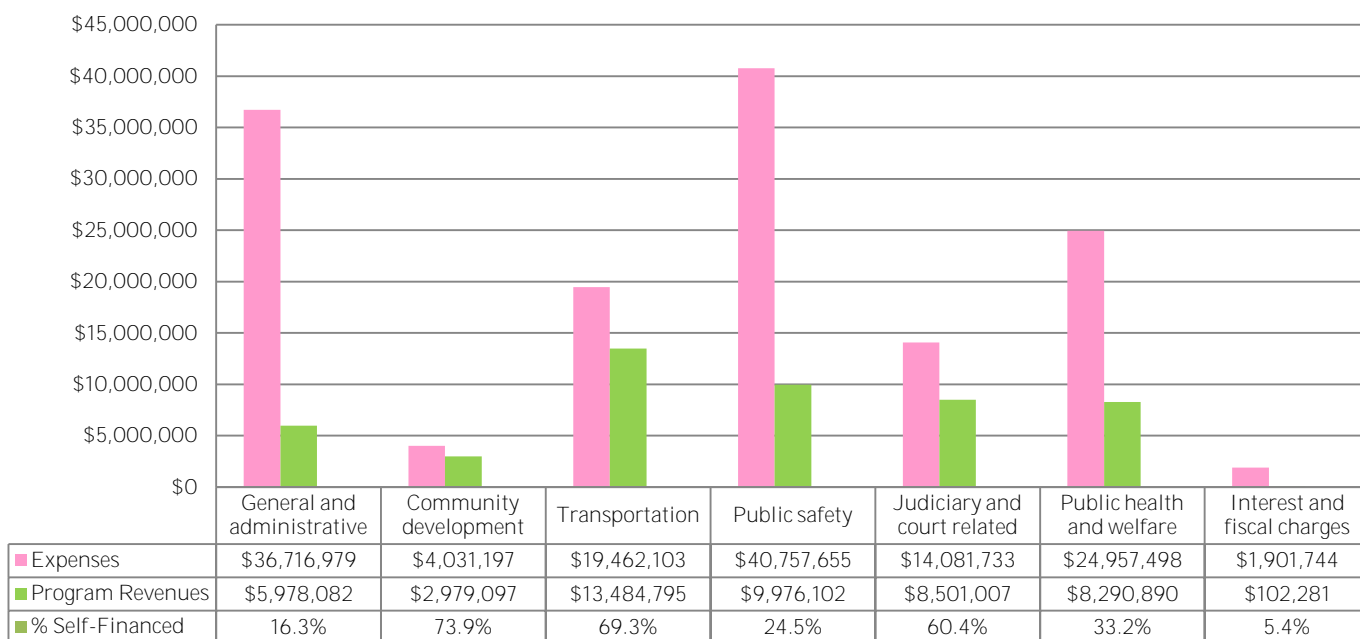


General and administrative includes many essential services for citizens, such as document recording, birth, marriage, and death certificates, election administration, supervision of assessments, and collection of property taxes. Also included in this category are the County Board, administration, finance, accounting, purchasing, human resources, information technology, and facilities management. The key reason for the increase in this category is an increase of \$1.3 million in outstanding tort liabilities in 2013. **Community development** includes long-term land use planning, building permits and inspections, the zoning board of appeals, and the administration of various grants. **Transportation** includes constructions and maintenance of County roads and bridges and long-term transportation planning. Expenditures in this category vary from year to year, based on the timing and volume of road construction projects. **Public safety** includes the activities of the Sheriff, Coroner, and Emergency Management Offices. The **Sheriff's Office** represents the largest component of public safety and activities performed include patrol, detectives, County jail, and County garage. The increase in this category is mainly due to contractually required salary increases. **Judiciary and court related** represents all activities related to the 22nd Judicial Circuit Court and includes the activities of the Clerk of the Circuit Court, Court Administration, Court Services, Public Defender, and the State's Attorney. **Public health and welfare** represents programs that protect and promote the general health and well-being of the County and includes the activities of the Health Department, Mental Health Department, Workforce Network, and Veteran's Assistance. The biggest reason for the decrease in this category is a one-time charge of \$1.5 million in 2012, related to uncollectable cash advance loans to local health agencies. **Interest and fiscal charges** represents interest and fees paid on the County's long-term debt.

Program Revenues and Expenses by Function

The following chart presents a comparison between direct expenses and program revenues for each of the County's functions. Direct expenses are those that are specifically associated with a function. Program revenues consist of charges for services and grants and contributions, which are described on page 9. All other revenues are considered to be general revenues, which means they are not associated with a particular function and are available to finance all of the activities of the County. The comparison of direct expenses and program revenues identifies the extent to which each function is self-financing or draws from the general revenues of the County.

**Governmental Activities - Expenses and Program Revenues
Fiscal Year 2013**



A high percentage of self-financing, such as for community development, transportation, and judiciary and court related, indicates that a function is primarily self-financed through program revenues generated by activities within that function. A low percentage of self-financing, such as for general and administrative, public safety, public health and welfare, and interest and fiscal charges, indicates that a function is primarily financed through general revenues. The percentage of self-financing is not a measure of program efficiency, since many important activities cannot inherently generate program revenues, but rather a measure of how increases in service levels could impact the financing needed to pay for such increases. For example, an increase in service levels for an activity that does not generate a significant amount of program revenues will likely require an increase in general revenues.

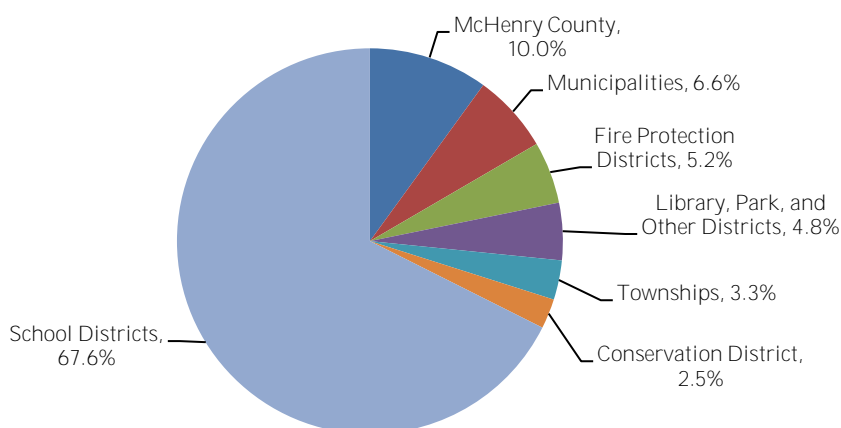
As mentioned above, some activities generate substantial program revenues, while other activities generate only a small amount or no program revenues. The function that has the highest percentage of self-financing for 2013 is community development, with a percentage of 73.9%. The largest component of program revenues for community development is \$2.5 million for grant revenue received from the US Department of Housing and Urban Development (HUD). These program revenues can only be spent on community development projects and cannot be used by the County on any other function. Besides interest and fiscal charges, the function that has the lowest percentage of self-financing is general and administrative, with a percentage of 16.3%. The primary reason that this function has a low percentage of self-financing is that many of the activities in this category do not provide services directly to individuals, businesses, or other governments, but rather support the operations of other County Departments. Typically, internal activities such as these do not generate program revenues. These activities include the County Board, administration, finance, accounting, purchasing, human resources, information technology, and facilities management. Included in program revenues for general and administrative is \$1.5 million for fees on delinquent taxes, \$1.3 million for recording fees, and \$0.9 million for fees for geographic information systems.

Property Taxes – Where do your property taxes go?

Where do your property taxes go? While the County issues property tax bills each year and is responsible for collecting the payments, only a small portion is retained by the County. The vast majority of property taxes are remitted to other government agencies within McHenry County. There are over 100 separate government agencies that are located, at least partially, within McHenry County. Other districts include cities, villages, school districts, park districts, fire protection districts, library districts, townships, conservation districts, and various other districts. Depending on the specific location of a real estate parcel within the County, property taxes for that parcel will be collected for a combination of separate districts.

The following chart presents the breakout by government type for a typical property tax bill. The chart is for illustrative purposes only, based on an average of all property tax bills. As noted above, each real estate parcel pays property taxes to a varying combination of government agencies, based on its location, and the actual breakout by government type will vary accordingly.

Property Taxes - Breakout by Government Type



As shown on the above chart, the largest component of a typical property tax bill goes to school districts. The following table illustrates an average breakout by dollar amount for a sample tax bill of \$1,000. Again, the chart is for illustrative purposes only, based on an average of all property tax bills.

Property Taxes - Breakout by Government Type Sample Property Tax Bill - \$1,000

District Type	Amount	% of Total
School Districts	\$ 676	67.6 %
McHenry County	100	10.0
Municipalities	66	6.6
Fire Protection Districts	52	5.2
Townships	33	3.3
Library Districts	26	2.6
Conservation District	25	2.5
Park Districts	20	2.0
Other Districts	2	0.2
Total	\$ 1,000	100.0 %

This PAFR presents an overview of McHenry County's finances only. The other government districts shown above are separate legal entities and operate independent of the County. Therefore, in order to determine how your property taxes are spent by each district that you pay property taxes to, you would need to separately review financial reports for each district listed on your property tax bill.

Major Accomplishments during Fiscal Year 2013

In April 2010, McHenry County was rated Aaa (the highest rating available) by Moody's Investors Service. This rating allows the County to issue debt at the lowest possible interest rate. In April 2012, the County issued \$5.6 million in General Obligation Limited Tax Debt certificates that refunded its Series 2003A, Series 2003C, and Series 2005A debt certificates and had the **Aaa rating by Moody's affirmed**. As of 2013, the County continues to hold the Aaa rating due to its financial strength, healthy reserves, and prudent fiscal management.



Aaa

For the third consecutive year, the County received an “A+” rating from the Sunshine Review, a nonprofit group promoting disclosure of government information. The Sunny Award is based upon a 10-point transparency checklist which indicates that a governmental body is proactively disclosing information to taxpayers. Over the past three years, McHenry County has taken steps to make information more accessible electronically including: 1) Substantial increase in the usage of social and electronic media distribution; 2) County departments have increased their posting of information; 3) A Freedom of Information Request Portal and “Information Access Portal” have been added; 4) A searchable electronic version of County Code is now available on the County Clerk's website; and 5) Audio of County Board meetings are available online.



The County Auditor's Office was notified of their 15th consecutive year of being awarded the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for their FY2012 Comprehensive Annual Financial Report (CAFR). In addition, a FY2012 Popular Annual Financial Report (PAFR) was completed for the 5th consecutive year and received the GFOA's Award for Outstanding Achievement. This PAFR is summarized from information in the CAFR and serves to offer an easy-to-understand report on the County's financial condition. McHenry County was the first county in Illinois to prepare and receive this honor.



The Planning & Development Committee and the Zoning Board of Appeals began joint meetings in September 2012 to review the consultant's draft of the Unified Development Ordinance (UDO). The UDO will update and consolidate the Zoning Ordinance, Subdivision Ordinance, Sign Ordinance, and miscellaneous development-related ordinances into a comprehensive ordinance for the regulation of land. During 2013, the Committee continued to review all sections of the UDO and plan to have the review completed in 2014 and hold four meetings to discuss any public concerns.



Major Accomplishments during Fiscal Year 2013 (Continued)

The implementation of the Western Algonquin Bypass construction project, working in cooperation with the Illinois Department of Transportation, will provide a transportation system improvement that will address capacity, operational and safety deficiencies, and satisfy 2030 travel demands along the Illinois Route 31 corridor in southeastern McHenry County. The Bypass consists of the construction of a new four lane divided highway, diamond interchange, four new bridges, and retaining and noise walls. The project is expected to be completed in late summer 2014.



The “Enroll McHenry County” program through the McHenry County Department of Health (MCDH) was enabled by a \$500,000 one year federal grant provided through the Illinois Department of Public Health by the U.S. Department of Health and Human Services. The program allowed the MCDH to award six County organizations grants to conduct outreach, education, and enrollment as part of the Illinois Health Insurance Marketplace. MCDH was one of 44 community-based organizations across the State of Illinois to participate in the educational efforts of the Affordable Care Act (ACA), efforts of which began on October 1, 2013.



The County Recorder’s Office promoted their free Property Fraud Alert (PFA) and Deed Notification programs by attending events and expos hosted by area chambers of commerce and were able to add 1,000 new subscribers to the Property Fraud Alert program in fiscal year 2013.



The Senior Service Grant Commission met in August of 2013 to review applications and requests for proposals for the FY2014 program year. The County Board approved the allocations for thirteen different programs by ten agencies for a total of \$1,724,998, to be distributed during FY2014. The Senior Services Grant Fund is the result of a referendum in April 2003, where voters approved the levy and collection of a tax not to exceed .025% for the purpose of providing transportation and social services for senior citizens in McHenry County.



The Division of Transportation (DOT) celebrated their 100th year anniversary in 2013. In June 1913, the Tice Law was enacted to fix the state highway system. Tice, a legislator, worked with his colleagues for good road legislation to “pull Illinois out of the mud.” DOT marked its centennial anniversary with a monthly series of newspaper columns which highlighted the history of the County’s roads as well as some discussion as to where the agency is headed.



Major Accomplishments during Fiscal Year 2013 (Continued)

The 2013 Community Development Block Grant (CDBG) funding application hearings were held in January 2013. A total of approximately \$2.3 million was requested by all applicants after the presentations by the agencies applying for funding. In March 2013, the County Board approved allocations of approximately \$941,000 and subsequently approved additional allocations in August 2013 of approximately \$53,000.



The Assessor's Office completed the 2013 assessment roll after processing 8,278 Board of Review instruments, of which 7,103 were taxpayer-generated assessment appeals, a number significantly below Tax Year 2012. In 2012 and 2011, appeals totaling 12,232 and 10,687, respectively, were heard by the County's Board of Review. The annual report prepared by Robert Ross, Chief County Assessment Officer, indicated that the 2013 assessment year presented an overall decrease in the assessment base. This is predicted to continue into 2014, although at a slower rate of decrease than the prior three years and as indicated by preliminary sales ratio results. On a positive note, both the number of home sales and the median sale price in early 2014 rose over the previous year, although there may still be a number of foreclosures and bank-owned sales arriving on the market in the upcoming year.



In March 2013, 83 County, Municipal, and other public entities (i.e. police and fire) attended an Integrated Emergency Operation Training course conducted by the Emergency Management Institute in Emmetsburg, MD. Training focused on:

- Utilization of an Emergency Operations Center (EOC) as configured in McHenry County.
- Disaster response and the transition to recovery.
- Improvement of policy level decision making and coordination issues in response to a disaster.

Lessons learned were immediately put to use as spring flooding in the area affected significant portions of the County. Over 900 homes were touched by floodwaters, impacting business, traffic, and daily life for over six weeks. The County obtained a Federal Disaster Declaration for both public and individual assistance, which provided Federal support for uninsured losses from the spring storms. The Geographic Information Systems (GIS) department provided assistance by creating and updating several flooding maps during this period of time.



Major Accomplishments during Fiscal Year 2013 (Continued)

Effective September 2, 2013, the Twenty Second Judicial Circuit was approved by the Illinois Supreme Court to participate in the Civil E-filing program which will allow litigants to file documents remotely without having to come to the courthouse. McHenry County was only the 6th county in Illinois to receive approval. Successful implementation of this program will provide increased access to the courts, as well as streamline the filing process and storage of documents for the Circuit Clerk's Office.



To promote car pooling, the County opened its first park and ride lot at Virginia Road and Illinois Route 31 in November 2013. The Park and Ride lot will assist with reducing emissions from vehicles that would be on the road and improve traffic congestion, by offering a free secure lighted location to leave vehicles while car pooling. The project was funded with Federal Congestion Mitigation and Air Quality (CMAQ) funds received through the Illinois Department of Transportation.



The McHenry County Department of Health received a NACO Achievement Award for their Emergency Response Program initiative "Quick Reference Guide for Public Health Emergencies", which is used to assist first responders with finding critical information in a public health emergency. This award is given to select counties across the United States who have developed a project or tool that can be replicated and used by other jurisdictions. This is the 15th NACO award the department has received since 1995.



The McHenry County Workforce Network's Youth Program successfully implemented their *Workforce Skills for 2013* work readiness program in July 2013. This program was funded with WIA dollars and was supplemented with a \$10,000 grant awarded by the McHenry County Community Foundation. *Workforce Skills for 2013* consisted of nine full training days which focused on communication skills, decision-making skills, interpersonal/social skills and the soft skills that employers say young people are lacking when entering the workforce. The youth were presented information in the four topic areas and then completed the three sections of the Work Keys assessment, giving them the opportunity to earn their National Career Readiness Certificate (NCRC). Employers can then use the results to determine to what degree a young job candidate is work ready.



McHenry County Elected Officials

County Board Members

<u>District/Name</u>	<u>Term Expires</u>	<u>District/Name</u>	<u>Term Expires</u>
District 1		District 4	
Yvonne Barnes	December 2016	Sue Draffkorn	December 2016
Nick Chirikos	December 2014	John Hammerand	December 2014
Anna May Miller	December 2016	Bob Martens	December 2016
Robert Nowak	December 2014	Sandra Fay Salgado	December 2014
District 2		District 5	
James Heisler	December 2014	Tina Hill	December 2016
Kenneth D. Koehler	December 2016	John Jung, Jr.	December 2014
Donna Kurtz	December 2014	Michael Skala	December 2016
Carolyn Schofield	December 2016	Paula Yensen	December 2014
District 3		District 6	
Joseph Gottemoller	December 2014	Michele Aavang	December 2014
Mary E. McClellan	December 2014	Diane Evertsen	December 2016
Nick Provenzano	December 2016	Mary T. McCann	December 2016
Michael J. Walkup	December 2016	Ersel C. Schuster	December 2014

Elected Officials

<u>Office/Name</u>	<u>Term Expires</u>	<u>Office/Name</u>	<u>Term Expires</u>
Auditor		Sheriff	
Pamela Palmer	December 2016	Keith Nygren	December 2014
Circuit Clerk		State's Attorney	
Katherine Keefe	December 2016	Louis A. Bianchi	December 2016
Coroner		Supt of Educational Service Region	
Anne L. Majewski	December 2016	Leslie A. Schermerhorn	December 2014
County Clerk		Treasurer	
Katherine C. Schultz	December 2014	William LeFew	December 2014
Recorder			
Phyllis K. Walters	December 2016		

McHenry County Website and Social Media

For a comprehensive listing of the services that the County provides for its citizens and businesses, please visit the County's website at <http://www.co.mchenry.il.us/>



Click on the following icons to follow McHenry County on Facebook and Twitter:

Also, please visit the Social Media page on the County's website for additional ways to stay informed about important County events at <https://www.co.mchenry.il.us/how-do-i-/social-networking->

